

Main Post Office Box 2705  
Washington 13, D. C.

Registered-Return Receipt Requested  
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Attention:

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Subject: Final Settlement Proposal - Contract No. (RD) RG-425

Gentlemen:

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Under the subject contract an interim settlement was entered into on June 23, 1953. Based on interim cost audit information a settlement figure of [REDACTED] was agreed to by both contracting parties. Pursuant to Article 4(c)(1) of the subject contract, a final cost audit has been made of the books and records of the Research Foundation for the period from March 8, 1951 to May 31, 1953, the period of the contract.

A synopsis of the audit findings is as follows:

Direct Material Costs Questioned:

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1. A purchase on March 5, 1953 of casters and wheel @ [REDACTED] for a Stepmith. This purchase was found to be chargeable to another [REDACTED] project, and according to the audit the disallowance of this item was agreed to by you.

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2. Purchase Order No. 38454 indicated that one Rite Line Copyholder was bought at a cost of [REDACTED] and charged to the project. The inventory of non-expendable items checked by the auditor does not contain this item and the audit indicates that you do not concur in the disallowance of this expenditure, even though the item is missing. Pending advice from you of the availability of the item for return as requested in our letter dated February 25, 1954, the cost thereof is disallowed from the amount due under the contract.

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3. Purchase Order No. RF 43178 shows purchase on June 20, 1952 of two 12" window fans [REDACTED]. The auditor was informed that these fans were incorporated in the physical structure of [REDACTED]. This expenditure was not listed by you in accordance with Appendix III of the contract as non-expendable articles of personal property on hand or "alteration and/or construction work done under the contract." The cost thereof is therefore disallowed.

RECEIVED  
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[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

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4. Included in the costs submitted by you as salaries and wages

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was the [REDACTED] payment made [REDACTED]. This payment was the subject of your letter to the contracting officer dated March 16, 1953, and our letter to you dated July 8, 1953. In our letter you were advised that this payment which had been shown on your records as payment for services was in fact payment for expenses incurred for research work performed [REDACTED]. It was erroneously carried as payment for services. The contract requirement for payment of 47% overhead on salaries and wages is not applicable to [REDACTED] therefore the total allowable overhead is reduced by [REDACTED]

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These disallowances result in the following contract settlement figures:

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Interim Settlement Payment  
Disallowance #1 above  
Disallowance #2 above  
Disallowance #3 above  
Disallowance #4 above

Total costs accepted .....

Refund due Government .....

With reference to the non-expendable equipment which was the subject of your letter of March 3, 1954, appropriate action will be taken to transfer these items to contract (RD) XG-1049. This contract was written as a continuation of the project started under the subject contract and contemplated the use of the non-expendable property. No additional funds can be made available for the new contract. Article 3(b) Compensation provides that " \* \* \* when and if costs in the amount stated in paragraph (a) of this Article 3, shall have been incurred or obligated hereunder, the contractor shall not incur or obligate further costs hereunder unless and until the Government shall first agree in writing to reimburse the contractor therefor."

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If you concur in the above settlement figure, it is requested that you forward a refund check in the amount [REDACTED] made payable to the Treasurer of the United States.

A release showing final contract settlement figures is attached for execution and return with the check. This refund is in accordance with Supplemental Agreement No. 4, paragraph 2, to the subject contract.

Your cooperation will be appreciated to effect early settlement of this contract.

~~CONFIDENTIAL~~

Very truly yours,

Contracting Officer

LO/PD/A&IB/ME:se (11 March 1954)

Distribution:

Orig & 1 - Addressee

1 - (RD) XG-425

2 - Chief, Industrial Contract Audit Branch

Approved For Release 1999/09/08 : CIA-RDP79-01096A000100030005-7

1 - Vital Records

1 - OFR/GR

ORIGINAL DOCUMENT MISSING PAGE(S):

Missing Attachment